

**EXECUTIVE DEPARTMENT
RHODE ISLAND STATE POLICE
PERFORMANCE AUDIT
AUGUST 2002**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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EXECUTIVE DEPARTMENT
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EXECUTIVE SUMMARY

The Rhode Island State Police (RISP) implemented or partially implemented all of the recommendations cited in our report issued October 20, 1997.

The RISP needs to continue its efforts to have legislation passed to change the 25-year mandatory retirement requirement. This requirement has a significant effect on the managerial and executive capacity and capability of the RISP. Turnover at the command level is 3.5 years resulting in the loss of experienced troopers and increased pension costs.

Management should assign an individual with the appropriate accounting education and experience to assist the Finance Director. The RISP have not made provisions to ensure that there will be someone within the organization with the education and experience to maintain fiscal operations in the prolonged absence of the Finance Director.

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August 27, 2002

Col. Steven Pare, Superintendent
Rhode Island State Police
P.O. Box 185
North Scituate, RI 02857

Dear Colonel Pare:

We have completed our performance audit of the Rhode Island State Police for the fiscal year ended June 30, 2001 and fiscal year through February 28, 2002. Our audit was conducted in accordance with Sections 35-7-3 and 35-7-4 of the Rhode Island General Laws.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of the report. Management's response to our recommendations is included in this report.

In accordance with Section 35-7-4 of the Rhode Island General Laws, we will review the status of the Rhode Island State Police corrective action plan within six months from the date of issue of this report.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

EXECUTIVE DEPARTMENT
RHODE ISLAND STATE POLICE
PERFORMANCE AUDIT

INTRODUCTION

Objective, Scope, and Methodology

We conducted a performance audit of the Rhode Island State Police for the fiscal year ended June 30, 2001 and fiscal year 2002 through February 28, 2002. Our objectives were to determine if the Rhode Island State Police complies with state laws and regulations and was acquiring, protecting, and using resources economically and efficiently.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors. In conducting our audit, we evaluated the practices and procedures used by the Rhode Island State Police in administering its operations. Our purpose was to identify practices and procedures that could be improved or made more efficient, and to identify any significant non-compliance with applicable state or federal laws. To achieve our objectives, we reviewed relevant policies and procedures, state laws and regulations, and applicable federal laws; interviewed responsible personnel; and performed tests of the records and such auditing procedures, as we considered necessary in the circumstances.

The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws required the auditee to respond in writing within 60 days to all recommendations made in the report. Management's response to our audit findings and recommendations were submitted on August 23, 2002, and are included in our report.

Background

The Rhode Island State Police (RISP) was established by statute in 1925 under the provisions of Chapter 588 of the Rhode Island Public Laws, as amended. Current statutes providing for the operation of the RISP are contained in RIGL 42-28.

The RISP ensures citizens an increased level of safety and security through a professional uniformed and investigative law enforcement agency having statewide jurisdiction. It carries out its mission through three basic divisions:

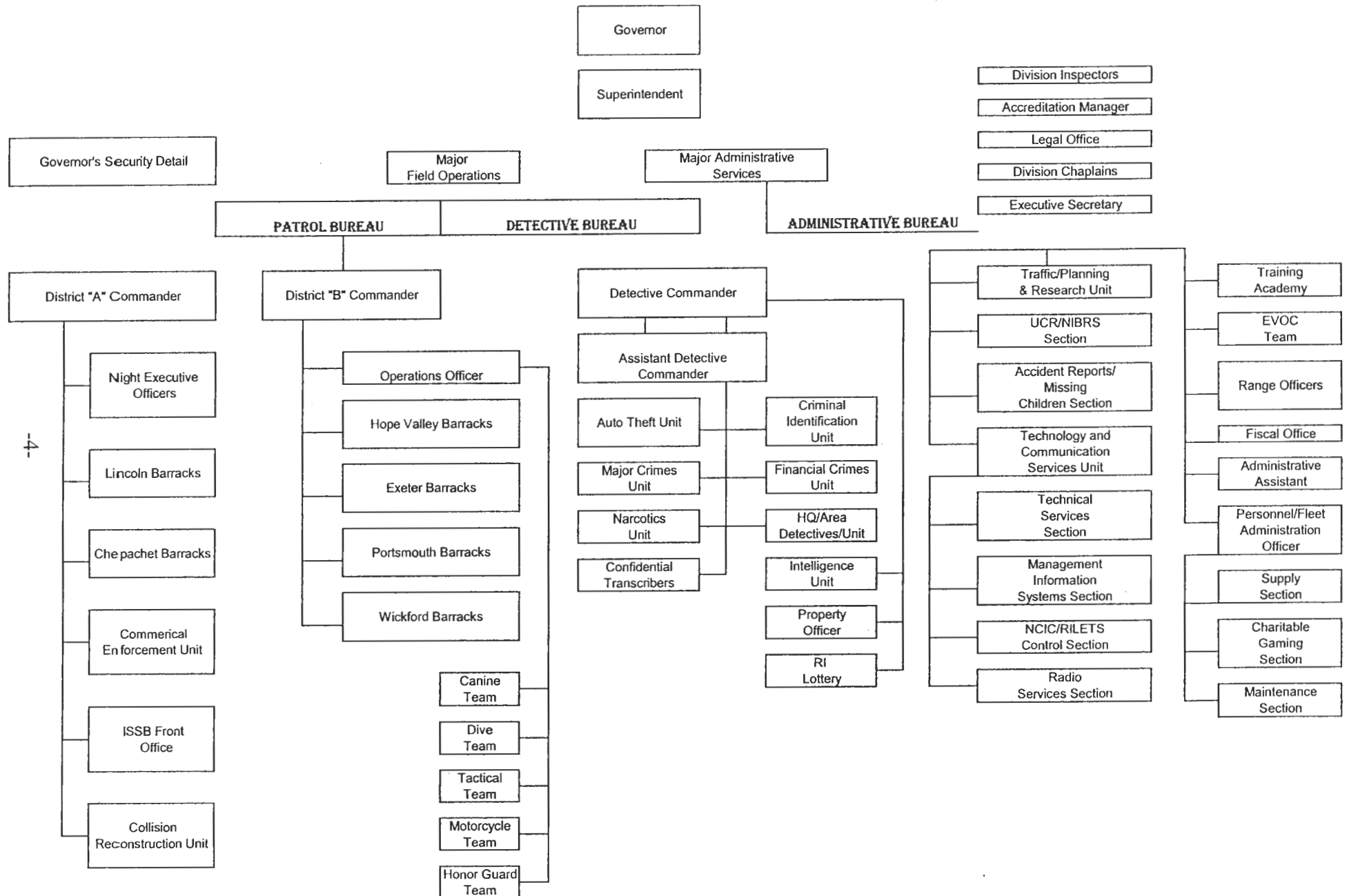
The Patrol or Uniform Division: This division prevents crime and investigates criminal and noncriminal activities. It also increases highway safety through enforcing speeding and drunk driving laws as well as state and federal laws regulating the use, operation, and equipment of commercial vehicles.

The Detective Division: This division is the primary investigative unit and is composed of various bureaus including Area Detectives, Intelligence Bureau, Narcotics Bureau, Auto Theft Unit, Bureau of Criminal Identification, Financial Crimes Unit, and a Major Crimes Unit. The Detective Division assists the Attorney General's Office in investigating organized and white-collar crime and provides support to police agencies throughout the state.

The Central Management Division: This division consists of the Command Officers, the Inspection Division, the Training Academy, Planning and Research, and the Communications Section. Within this division is the Business Office, which is headed by the Director of Finance who is responsible for the overall fiscal and budgetary services within the RISP.

State Police headquarters is located on Danielson Pike in North Scituate with barracks throughout the state.

RHODE ISLAND STATE POLICE ORGANIZATIONAL CHART



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NOTEWORTHY ACCOMPLISHMENTS

In November 1992 the Rhode Island State Police (RISP) pursued national accreditation status through the Commission on Accreditation for Law Enforcement Agencies (CALEA). The Commission provides law enforcement agencies with the opportunity to demonstrate that they meet an established set of professional standards that help to strengthen crime prevention, formalize essential management procedures, and establish fair and nondiscriminatory practices.

The RISP established an Accreditation Unit to develop new and update existing policies and procedures to comply with CALEA standards. On November 19, 1994, after meeting the CALEA standards, the Commission formally accredited the RISP for a five-year period.

On November 20, 1999, CALEA notified the RISP that the agency satisfactorily completed a process of thorough agency wide self-evaluation, concluded by an exacting outside review by a team of independent assessors and as a result were accredited for a second time. Accreditation of the RISP is for the 3 year period ending November 19, 2002.

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STATUS OF PRIOR AUDIT RECOMMENDATIONS

The following audit recommendations were identified in the report prepared by the Bureau of Audits for the fiscal year ended June 30, 1996, issued October 20, 1997.

Cash Receipts

1. The finance office should maintain a cash receipt's journal and prepare detailed monthly reconciliations of state and federal programs to the state controller's records.

Implemented.

2. Management should assign and train an individual to assist the Finance Director.

Partially Implemented. See current year recommendation 2.

Inventory Records

3. A perpetual inventory should be maintained and reconciled to an annual physical count.

Partially Implemented. See current year recommendation 4.

Financial Integrity and Accountability Act (FIAA)

4. Review and report on internal accounting and administrative controls in accordance with the R.I. General Laws.

Implemented.

Records Management

5. Ensure the RISP maintains an ongoing records management program in accordance with the R.I. General Laws.

Implemented.

Time and Effort Reports

6. Ensure time and effort reports are signed by the employee and approved by the supervisor.

Implemented.

Purchasing

7. Ensure all requests for purchases are submitted via a purchase requisition. Obtain and document the solicitation of informal bids.

Implemented.

Monitoring Hate Crime Incident Reports

8. The RISP should develop written policies and procedures for monitoring Hate Crime Incident Reports. These procedures should include but not be limited to the date due, date received, and follow-up action.

Implemented.

Federal Asset Forfeiture Funds

9. The Narcotics Unit should be responsible for the control and recording of all narcotics seizures.

Implemented.

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FINDINGS AND RECOMMENDATIONS

25-Year Mandatory Requirement

RIGL 42-28-22 (h) states in part that any member of the state police other than the superintendent who has served for 25 years or who has attained the age of 62 whichever shall first occur, shall retire. As of December 2000 there were 27 troopers who have attained 20 years of service or more. This is equivalent to 12.3 percent of the Division Complement. It is expected that several of these members will retire prior to completing 25 years of service. Once a trooper reaches 20 plus years of service, they are pursuing other employment opportunities because of the 25-year service cap.

The 25-year mandatory requirement causes the loss of highly skilled, educated officers and increased pension costs. In fiscal year 1991, the mandatory retirement cost for retiring troopers were \$64,595 and in fiscal year 2001, the mandatory retirement costs were \$2,582,010. The cause of this increase is two-fold, one the mandatory retirement and the other is the turnover at the command level. We noted that at their retirement, a command staff member had an average of 3.5 years of experience at this level. While this kind of a turnover may be good for upward mobility, it is detrimental to both the department and the state because of the loss of experienced troopers and increased pension costs. There are 14 sworn members who became eligible for retirement in 1999 and mandatory retirement will occur for these officers in June 2004. Of the 14, 12 are lieutenants or above. These officers are in the prime of their career. Currently, the average age of a retiree is 48.

Our research of retirement and pension benefits of various State Police Departments throughout the country indicated that most require mandatory retirement based on age rather than years of service. It appears that the average age is between 52 and 57. Our research further indicated that as with RISP most departments' eligibility requirements and pension benefits for retirement is 2.5% per year of compensation up to 20 years of service (50%) and 3.0% for each additional year up to 25 years of service (65%). The differences occur in the 25-year mandatory aspect of the RIGL as it applies to the RISP. Several of the departments allow troopers to continue to serve until they reach mandatory age; however, the pension compensation for the additional years appears to accrue at a lower rate for each year of service over 25 years with caps on age or years of service. Also, some states base retirement on the average 2 or 3 highest salary instead of the salary at date of retirement. Unlike the states reviewed in our sample, Rhode Island troopers must be re-appointed every 3 years.

RISP identified mandatory retirement as having an impact on their ability to achieve their goals and objectives in their strategic evaluation of strengths and weaknesses for fiscal years ended June 30, 2001 and 2000. In past years, there have been several attempts by the RISP to change the mandatory retirement requirements of this section of the General Law; however, all attempts have failed at the legislative level. Given the events of September 11, 2001 the legislature may be more receptive to this type of legislation. The present climate most certainly calls for a highly trained and educated force. As conditions now stand, municipalities and businesses throughout the state are hiring RISP once they retire and they have the benefit of these highly trained and educated officers. Management and the state may be better served if the legislation was reviewed and age rather than years of service was the determining factor for mandatory retirement.

Recommendation

1. Management should conduct a study detailing the advantages of changing RIGL 42-28-22 (h).

Management's Response: Partially Accepted.

Economy and Efficiency of Operations

In our prior audit we recommended that the RISP assign and train an individual to assist the Finance Director. The RISP have requested authorization to hire a senior accountant to assist and serve as a back up to the Director of Finance; however, this request was denied during the budget process.

The Business Office staff consists of the Finance Director and a fiscal clerk that are responsible for a budget of \$42,256,566 as follows:

General Revenue Funds	\$40,522,924
Federal Funds	962,320
Restricted Funds	<u>771,322</u>
Total Budget	<u>\$42,256,566</u>

The Director of Finance is responsible for the fiscal management of the department that includes budget preparation, accounting, purchasing, personnel, and payroll functions as well as supervising the fiscal clerk's function of accounts payable. It appears that a staff of 2 is adequate; the need is in the expertise of the second position. Rather than a fiscal clerk the second position should be occupied by a person with knowledge of accounting who could assist as well as be a back up for the Finance Director. The RISP have not made provisions to ensure that there will be someone within the organization with the education and experience to maintain fiscal operations in the prolonged absence of the Finance Director. This can be a serious situation in any organization, but especially so within the RISP.

Recommendation

2. Management should assign an individual with the appropriate accounting education and experience to assist the Finance Director. Once this occurs, the individual can be trained as a back up to the Finance Director and delegate duties appropriate to the position.

Management's Response: Accepted

Accounts Receivable

Section A-16 of the Department of Administration's Procedural Handbook requires that department and agencies bill on a regularly scheduled basis and report their accounts receivable to the Office of Accounts and Control. The RISP receive revenues from various lease agreements for radio communication towers at Division locations; payments are on demand by the RISP to the various vendors. Our review disclosed that the RISP does not bill on a regularly scheduled basis nor do they report their billings to the Office of Accounts and Control. We further noted that these demand payments have overlapped fiscal years.

Recommendation

3. Management should comply with the procedures for accounts receivable in accordance with A-16 of the Department of Administration's Procedural Handbook.

Management's Response: Accepted

Equipment Inventory

The purpose of inventory control in the government environment serves two objectives -- to protect the agency's assets and to value the general fixed assets for inclusion in the state's annual financial report. The method used to compute the financial report is based upon a threshold of expenditures of \$500 for computer equipment.

The RISP does not have internal policies and procedures for the control and tracking of personal computers. Our review of the department's computer inventory records indicated that the records are not updated when equipment is moved from one location to another nor could we determine the date of the last physical inventory. We further noted that not all of the equipment is identified with the state bar code.

Recommendation

4. Develop policies and procedures for the control and tracking of computer equipment as identified in the Fixed Assets Control and Tracking System (F.A.C.T.S.) promulgated by the Office of Accounts and Control.

Management's Response: Accepted

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DIVISION OF STATE POLICE

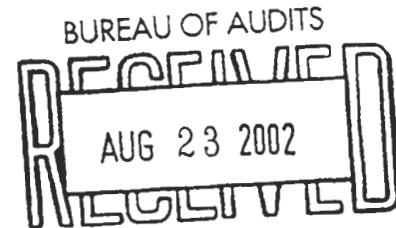
HEADQUARTERS: 311 DANIELSON PIKE, NORTH SCITUATE, RHODE ISLAND 02857

OFFICE OF THE SUPERINTENDENT

STEVEN M. PARÉ

COLONEL

August 20, 2002



Stephen M. Cooper, Chief
Bureau of Audits
One Capitol Hill
Providence, RI 02908-54889

Dear Mr. Cooper:

In accordance with Rhode Island General Law 35-7-4, I am formally responding to the recommendations contained within the Rhode Island State Police Performance Audit for the fiscal year ended June 30, 2001 and fiscal year through February 28, 2002.

RECOMMENDATION #1: Management should conduct a study detailing the advantages of changing RIGL 42-28-22 (h).

RESPONSE: Partially Accepted – Over the past several years, the previous Colonel was unsuccessful in changing the twenty-five year mandatory law. The attempts to extend the service requirements met strong resistance from members of the Rhode Island Troopers Association and had insufficient political support from members of the General Assembly. In-house studies have been conducted and shown that considerable savings can be achieved by prolonging retirement expenditures. Additionally, a vast knowledge of experience and training is also lost when a sworn member retires.

RECOMMENDATION #2: Management should assign an individual with the appropriate accounting education and experience to assist the Finance Director. Once this occurs, the individual can be trained as a back up to the Finance Director and delegate duties appropriate to the position.

RESPONSE: Accepted – The Division will request to upgrade the present Fiscal Clerk position to an Assistant Business Manager.

RECOMMENDATION #3: Management should comply with the procedures for accounts receivable in accordance with A-16 of the Department of Administration's Procedural Handbook.

RESPONSE: Accepted – The Division will consult with the Controller's Office regarding setting up accounts receivable for the revenues received as a result of the tower leases.

Stephen M. Cooper
August 20, 2002
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RECOMMENDATION #4: Develop policies and procedures for the control and tracking of computer equipment as identified in the Fixed Assets Control and Tracking System (F.A.C.T.S.) promulgated by the Office of Accounts and Control.

RESPONSE: Accepted - General Order 6D (attached) has been implemented.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven M. Pare". The signature is stylized with a large, looping "P" and a trailing flourish.

Steven M. Pare
Colonel
Superintendent

SMP:EMR

Enclosure

Cc: Major Quinn
Elaine Richards